

time elapsed since the last previous test, provided that this period does not exceed six months.

(e) If a water service meter is found not to register for any period or to register intermittently all of the water used for a period of time, the utility shall estimate a charge for the water used but not metered by averaging the amounts registered over similar periods, or over corresponding periods in previous years, or by any other acceptable available information.

RULE 27

Water Main Extensions.---(a) **Free Extension:** If an extension of the utility's distribution system should be necessary to serve an applicant or group of applicants, the utility, upon written request for service by such applicant or applicants, shall make the necessary extension at its own expense to give service, provided the length of the entire extension is not greater than that obtained by allowing one hundred (100) feet or one hundred dollars (\$100.00) per customer, whichever is the lesser.

(b) **Extension above Free Limit:** If the main extension required in order to furnish service is greater than the free extension specified above in (a), such extension shall be made under the following conditions:

(1) The utility may require the customer to advance the cost of the extension above the free limit, and in such a case, for each additional customer connecting to the extension, or extension thereto, within a period of ten years from the making of the extension, shall repay to the existing customers on the extension who have made advances, an amount equal to the amount collected, as hereinafter provided, from such new customers. Customers added to these extensions within ten years of the extension shall be required by the utility to pay an amount equal to their pro rata share of the cost of the original and subsequent extensions, plus the amount of the cost of their particular extension over and above the free limit. At no time shall the repayment to a customer exceed his original advance. At the end of ten years, or when all existing customers on the extension have been repaid, no further repayment need be made by the utility, nor shall any amounts be collected from new customers attaching to the extension within the free limit. Where two or more customers are applicants above the free extension limit, any repayments to them, upon the addition of new customers, shall be prorated between them according to the amount of their original advance.

(c) The utility, may at its option, file with the Commission an extension policy other and different than stated in (a) and (b) above, subject to the approval of the Commission.

(d) The distance of the applicant from the nearest main shall be used in determining whether the applicant is entitled to a free extension, and the cost of extending the nearest existing main shall be used as a basis in determining the amount of deposit necessary in case the extension is above the free limit.

(e) The utility shall not be obliged to make the extension as required by this rule unless the applicant shall furnish a suitable guarantee that he will use the service for at least three years, or unless the owner of the property served by such extension, or some responsible party, shall guarantee that the service will be used for that time.

(f) The utility may, at its option, construct extensions having more than sufficient capacity to meet particular requirements, in which case such additional capacity will be constructed without obligation to customers. This refers particularly to anticipated future extensions to the extension requested.

(g) If an extension is of such length and/or the prospective business which may be developed by it is so meager as to make it doubtful whether the business from the extension would ever pay a fair return on the investment, such a case will be classed as "special" and the fact reported to the Commission for investigation and determination as to the reasonableness of such extension, and such action as may be considered necessary.

DELAWARE

Water main extension for the convenience of a customer or developer are considered under a formula unique to each water utility. Service to the curb stop is free unless the test formula for a contribution or advance indicates the water utility is justified in requiring the contribution or advance. The choice of which accounting procedure to apply, ie., a contribution or advance is at the discretion of the water utility.

EXAMPLE WATER UTILITY TEST FORMULA

$$[A-(B-C-D-E-F)-(G+H)I]=X$$

A= Est. Gross Annual Revenues during a 5 year period

B= Annual Operation and Maintenance

C= Taxes, other than income

D= Annual depreciation expense

E= Other costs

F= Income Taxes on the net income

G= Capital costs

H= Tax expense associated with the contributed capital

I= Rate of return

X= Difference of the above factors

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b. *Terms and conditions.* The utility shall extend service to new customers under the following terms and conditions:

(1) *Plant additions.* The utility will provide all water plants at its cost and expense without requiring an advance for construction from customers or developers except in those unusual circumstances where extensive plant additions are required before the customer can be served or where the customer will not attach within the agreed-upon attachment period after completion of construction. In such instances, the utility shall require, no more than 30 days prior to commencement of construction, the customer or developer to advance funds which are subject to refund as additional customers are attached. A contract between the utility and the customer which requires an advance by the customer to make plant additions shall be available for board inspection.

(2) *Advances for construction costs for distribution main extensions for customers who will attach within 30 days.* Where the customer will attach within 30 days after completion of the distribution main extension, the following shall apply:

1. If the estimated construction cost to provide a distribution main extension is less than or equal to five times the estimated annual revenue calculated on the basis of similarly situated customers, the utility shall finance and make the main extension without requiring an advance for construction.

2. If the estimated construction cost to provide a distribution main extension is greater than five times the estimated annual revenue calculated on the basis of similarly situated customers, the applicant for such an extension shall contract with the utility and deposit an advance for construction equal to the estimated construction cost less five times the estimated annual revenue to be produced by the customer no more than 30 days prior to commencement of construction.

(3) *Advances for construction costs for distribution main extensions for customers who will not attach within the agreed-upon attachment period.* Where the customer will not attach within the agreed-upon attachment period after completion of the distribution main extension, the applicant for the extension shall contract with the utility and deposit no more than 30 days prior to the commencement of construction an advance for construction equal to the estimated construction cost.

Advance payments for plant additions or extensions which are subject to refund for a ten-year period may be made by cash, surety bond, or equivalent surety. In the event a surety bond or an equivalent surety is used, the bonded amount shall have added to it a surcharge equal to the annual interest rate paid by the utility on customer bill deposits times the bonded amount. The bond shall be called by the utility at the end of one year or when the earned refunds are equal to the bonded amount, less the surcharge, whichever occurs first. If, upon termination of the surety bond, there are sufficient earned refunds to offset the amount of the surety bond, less the surcharge, the depositors shall provide the utility the amount of the surcharge. If, upon termination of the surety bond, there are not sufficient earned refunds to offset the full amount of the surety bond, less the surcharge, the depositors shall provide the utility a cash deposit equal to the amount of the surety bond, less refunds accumulated during the bonded period, plus the surcharge, or the depositor may pay the interest on the previous year's bond and rebond the balance due to the utility for a second or third one-year period. Upon receipt of such cash deposit, the utility shall release the surety bond. The cash deposit, less the surcharge, shall be subject to refund by the utility for the remainder of the ten-year period.

c. *Refunds.* The utility shall refund to the depositor for a period of ten years from the date of the original advance, a pro-rata share for each service attachment to the distribution main extension. The pro-rata refund shall be computed in the following manner:

(1) If the combined total of three times estimated annual revenue for the depositor and each customer who has attached to the distribution main extension exceeds the total estimated construction cost to provide the extension, the entire amount of the advance provided by the depositor shall be refunded to the depositor.

(2) If the combined total of three times estimated annual revenue for the depositor and each customer who has attached to the distribution main extension is less than the total estimated construction cost to provide the extension, the amount to be refunded to the depositor shall equal three times estimated annual revenue of the customer attaching to the extension.

(3) In no event shall the total amount to be refunded to a depositor exceed the amount of the advance for construction made by the depositor. Any amounts subject to refund shall be paid by the utility without interest. At the expiration of the above-described ten-year period, the customer advance for construction record shall be closed and the remaining balance shall be credited to the respective plant account.

d. Extensions not required. Utilities shall not be required to make extensions as described in this rule, unless the extension shall be of a permanent nature.

e. Extensions permitted. This rule shall not be construed as prohibiting any utility from making a contract with a customer in a different manner, if the contract provides a more favorable method of extension to the customer, so long as no discrimination is practiced among customers or depositors.

This rule shall not be construed as prohibiting an individual, partnership, or company from constructing its own extension. An extension constructed by a nonutility entity must meet at a minimum the applicable portions of the standards in 21.5(1) and 21.5(2) and such other reasonable standards as the utility may employ in constructing extensions, so long as the standards do not mandate a particular supplier. All connections to the utility-owned equipment or facilities shall be made by the utility at the applicant's expense. At the time of attachment to the utility-owned equipment or facilities, the applicant shall transfer ownership of the extension to the utility and the utility shall book the original cost of construction of the extension as an advance for construction and refunds shall be made to the applicant in accordance with 21.3(12) "c." The utility shall be responsible for the operation and maintenance of the extension after attachment.

If the utility requires the applicant to construct the extension to meet service requirements greater than those necessary to serve the applicant's service needs, the utility shall reimburse the applicant for the difference in cost between the extension specifications required by the utility and the extension specifications necessary to meet the applicant's service needs.

21.3(6) Service connections. In urban areas with well-defined streets, the utility shall control (supervise the installation and maintenance of) that portion of the service pipe from its main to and including the customer's meter. A curb stop shall be installed at a convenient place between the property line and the curb. All services shall include a curb stop and curb box or meter vault. In installations where meters are installed in meter vaults incorporating a built-in valve, and are installed between property line and curb, no separate curb stop and curb box is required.

21.3(7) Location of meters. Meters may be installed outside or inside as mutually agreed upon by the customer and utility.

a. Outside. Meters installed out-of-doors shall be readily accessible for maintenance and reading and so far as practicable the location should be mutually acceptable to the customer and the utility. The meter shall be installed so as to be unaffected by climatic conditions and reasonably secure from injury.

b. Inside. Meters installed inside the customer's building shall be located as near as possible to the point where the service pipe enters the building and at a point reasonably secure from injury and readily accessible for reading and testing. In cases of multiple buildings, such as two-family dwellings or apartment buildings, the meter(s) shall be located within the premises served or in a common location accessible to the customers and the utility.

199—21.4(476) Customer relations.

21.4(1) Customer information. Each utility shall:

a. Post a notice in a conspicuous place in each office of the utility where applications for service are received, informing the public that copies of the rate schedules and rules relating to the service of the utility are available for public inspection.

b. Maintain up-to-date maps, plans, or records of its entire water system.

65 - INDEPENDENT AGENCIES - REGULATORY

MAINE

407 - PUBLIC UTILITIES COMMISSION

CHAPTER 65 WATER MAIN EXTENSION AND SERVICE LINE RULE

SUMMARY: This rule establishes standards and conditions for the extension of water utility services.

TABLE OF CONTENTS

	Page
1. DEFINITIONS	1
A. Customer.....	1
B. Customer Contribution	1
C. Alternative Calculation of Customer Contribution.....	2
D. Development.....	2
E. Establishment.....	2
F. Investment Amount	2
G. Limited Service Contract.....	5
H. Main and Main Extension.....	5
I. Person.....	5
J. Public Way	5
K. Private Line	5
L. Service Line	6
M. Temporary Establishment	6
2. GENERAL PROVISIONS	6
A. Utility Ownership and Responsibility	6
B. Temporary Establishment	6
C. Main Extensions and Private Lines	7
D. Public and Private Ways	8
E. Public Authority	8
F. Fire Service	8

G.	Utility Specifications; Related Distribution Capacity Additions	8
H.	Length of Extensions	9
I.	Low Pressure Areas	9
J.	Inspection and Testing	9
3.	EXTENSIONS TO SERVE INDIVIDUALS	9
A.	Cost Estimate, Advances and Deposits	9
B.	Utility Requirement	10
C.	Customer Contribution to Main Extension and Other Requirements; Cost of Service Lines; Advances and Deposits; Contracts	10
D.	Distribution of Additional Investment Amounts and Reallocation of Customer Contributions	12
E.	Further Extension to Serve New Customer	12
4.	EXTENSIONS TO SERVE DEVELOPMENTS	12
A.	Developer Requirements	12
B.	Utility Investment	12
C.	Developer Contribution; Cost of Service Lines; Advances and Deposits; Contracts	14
D.	Customer Contributions by Customers Outside Development	14
5.	INVESTMENT REDUCED OR NOT REQUIRED FOR HIGH-COST UTILITY; INCREASED FOR LOW-COST UTILITY	15
A.	High-Cost Utility; Election by Utility	15
B.	Low-Cost Utility; Election by Utility	15
C.	Prima Facie Evidence of High-Cost Utility	15
D.	Definition of Service Installation and Equivalent Service	16
E.	Continued Investment Requirement for Utility with System Development Charge	16
6.	MISCELLANEOUS PROVISIONS	16
A.	Contribution in Aid of Construction	16
B.	Utility Investment in Deep Extensions to Serve Areas	

	Previous Served by Surface Mains	17
C.	Surface Mains	17
D.	Resolution of Disputes and Commission Review	17
E.	Exemptions	17
F.	Application of Old Investment Amount to Existing Main Extensions for Two-Year Period; Application of New Investment Amount Thereafter; Exception	17
G.	Notice to Commission by Utility Choosing Not to Invest	18
H.	Form Contracts	18

65 - INDEPENDENT AGENCIES - REGULATORY

407 - PUBLIC UTILITIES COMMISSION

CHAPTER 65 - WATER MAIN EXTENSION AND SERVICE LINE RULE

SUMMARY: This rule establishes standards and conditions for the extension of water utility services.

1. DEFINITIONS

- A. Customer. A person taking or proposing to take water service at an establishment.
- B. Customer Contribution. The amount which a new customer on a water main extension must contribute to a water main extension. The amount of the customer contribution shall be the customer's share of the length of the extension up to the point of service minus the investment amount. The customer's share shall be: (1) the length of the main extension, if any, which serves that customer exclusively plus, (2) for each segment of extension serving 2 or more customers, the length of that segment divided by the number of customers served by it. In calculating the customer contributions the utility shall use the average cost per foot of the entire water main extension, including the fire protection allocation described in sections 3(A) and 4(A). The total contribution shall also include the net federal and state income tax liability resulting from the contribution, as calculated pursuant to section 3(C) and 4(C). The cost allocated among customers shall not include the cost of service lines.

EXAMPLE

Customer A is located at 200 feet on an extension.
Customer B is located at 120 feet.

Investment amount (\$ amount to be invested by utility per customer) = \$600

Cost of extension = \$6000

Average cost of extension per foot = \$30

- 1. Customer A pays for all of extension beyond 120 feet, i.e., $200 - 120 = 80$ feet, and pays for half of first 120 feet, i.e., $120/2 = 60$ feet. Customer A pays for 140 feet ($80 + 60$) of the 200 feet (70%).
- 2. Customer B pays for half of first 120 feet (30%) of the extension = 60 feet.
- 3. Customer A's share is 140 feet \times \$30 per foot = \$4200 (70%). After deduction of utility's investment amount of \$600, Customer A pays

\$3600.

4. Customer B's share is 60 feet x \$30 per foot = \$1800 (30%). After deduction of utility's investment amount of \$600, Customer B pays \$1,200.

If, after deduction of the investment amount for any customer, the contribution required from that customer is a negative amount, the customer shall make no contribution, but the utility shall make an investment on behalf of that customer equal only to that customer's share calculated as described above.

- C. **Alternative Calculation of Customer Contribution.** As an alternative to the allocation of the customer contribution described in subsection B, where an extension is to serve an area which has lots of approximately equal size, the utility may require customers served by the extension to provide a customer contribution in equal shares of the total construction cost, after deduction of the utility's investment amount for each customer. The utility shall divide the total required customer contributions, after deduction of the total investment, equally among all customers each time a new customer is added.
- D. **Development.** A water main extension shall be considered as serving a development, for purposes of section 4 of this rule, if a single person or business entity or a single association of persons or entities applying for a main extension to serve property owned or under the control of the single person, entity or association has offered two or more parcels for sale or it is reasonable to expect that two or more parcels will be offered for sale.
- E. **Establishment.** A location at which water service is desired or is being rendered.
- F. **Investment Amount.** The amount which a utility must invest in a water main extension for each customer. The investment amount is 75% of the amount of utility investment that will be supported by revenues from a new customer which are associated with fixed investment, provided that the utility shall invest no more than 50% of the cost of a line extension. The investment amount (IA) is established by multiplying the investment factor (IF) by the average annual customer revenue for the applicable customer classes, adjusted for public fire protection, as of the time the first customer was connected. For industrial, commercial and multi-unit residential customers, the average customer revenue shall be that of customers in the same class and same meter size subclass. The investment factor is determined (1) by dividing fixed costs by total operating revenues and

other income in order to establish the percentage of costs related to embedded investment; and (2) then dividing this result by the sum of the applicable cost of capital plus capital recovery costs (.013 depreciation) based on a 75-year write-off (expressed decimally as .013) plus, for a non-investor owned utility, the principal payment percentage per year. The entire calculation is multiplied by .75.

In the formulas stated below the account numbers listed are from the Uniform System of Accounts for water utilities, contained in Chapter 61 of these rules (65-407 C.M.R. 61).

The basic formula for determining the investment amount (IA) is:

$$IA = IF \times ACR$$

The formula for determining the investment factor (IF) for a non-investor owned utility is:

$$IF = \frac{.75 D + A + I}{R + T} \times \frac{1}{C + P + .013}$$

The formula for determining the investment factor (IF) for an investor owned utility is:

$$IF = \frac{.75 D + A + I}{R + I} \times \frac{1}{\frac{CD + CE}{1 - (FIT \times SIT) + SIT} + .013}$$

Where

ACR = Average Annual Customer Revenue per customer for the applicable class or meter size subclass, divided by the difference of 1 minus the percentage determined in the most recent rate case, expressed decimally, of the utility's revenue requirement paid for fire protection by the municipality in which the main extension is located. If a utility is not able to determine average revenue for a particular class or meter size subclass because of insufficient experience, it shall use an estimated average revenue, based on average usage amounts from other water utilities and approved by the Director Technical Analysis of the Commission.

D = Depreciation Expense from Account 403.

- A = Amortization Expense from Account 407.
- I = For non-investor-owned utilities, total Income Deductions from Accounts 427, 428, 429 and contractual appropriations of income included in Account 436. For investor-owned utilities, the weighted cost of debt times the rate base allowed in the utility's last rate case, unless a different amount is approved or set by the Commission or the Director of Finance.
- R = Operating Revenues from Accounts 460 to 474 inclusive.
- T = Total Non-operating Income from Accounts 415 to 421 inclusive and Account 426.
- C = Overall cost of capital for non-investor owned utilities, expressed as a decimal. Unless otherwise approved or set by the Director of Finance or the Commission, the cost of capital shall be the average interest rate for the first 15 years of the most recent issues of the Maine Bond Bank for a serial bond, assuming equal annual principal payments.
- CD = Cost of debt for an investor-owned utility, weighted by the debt ratio, expressed as a decimal. Unless otherwise approved or set by the Director of Finance or the Commission, the cost of debt and the debt ratio shall be those approved in the utility's most recent rate case.
- CE = Cost of equity, weighted by the equity ratio, expressed as a decimal. Unless otherwise approved or set by the Director of Finance or the Commission, the cost of equity and the equity ratio shall be those approved in the utility's most recent rate case.
- FIT = The utility's marginal federal income tax rate allowed in its most recent rate case, expressed as a decimal, unless a different tax rate is approved or set by the Director of Finance or the Commission.
- P = Principal payment percentage annually, expressed as a decimal. Unless a different amount is approved or set by the Director of Finance or the Commission, the amount shall be .067 (15 years).

SIT = The utility's marginal state income tax rate allowed in its most recent rate case, expressed as a decimal, unless a different tax rate is approved or set by the Director of Finance or the Commission.

The investment amount shall be calculated each year on or before July 1. With the approval of the Commission, a utility may apply an adjustment to both the numerator and denominator of the fraction which determines the ratio of investment costs to total income in order to correct for past overinvestment in line extensions under the former investment factor contained in this chapter prior to its amendments effective May 7, 1986.

- G. **Limited Service Contract.** A written agreement approved by the Commission pursuant to chapter 62, under which the company agrees to provide and the customer agrees to accept a level of pressure estimated in the contract. This agreement must be made on a form supplied by the utility.
- H. **Main and Main Extension.** A main is a waste line in a public way owned by the utility to serve one or more customer, multi-unit dwelling complex, or commercial or industrial development; or a water line owned by the utility on private property to serve more than one customer, multi-unit dwelling complex, or commercial or industrial development or to serve a single customer, multi-unit dwelling complex or commercial or industrial development if another person or entity has an easement or other right of access for water line purposes. A new main shall be a main extension for the 10 years following connection of the first customer. Pursuant to a decision by a utility under section 2(C), a new water line on private property to serve a single customer, multi-unit dwelling complex development shall be a main extension.
- I. **Person.** An individual, partnership, company, public or private corporation, political subdivision or agency of the State, department, agency or instrumentality of the United States, or any other legal entity.
- J. **Public Way.** A street or public right-of-way which has been accepted and is owned or controlled by a town, city, county, state or the federal government.
- K. **Private Line.** (1) A water line constructed prior to May 7, 1986 across private property to serve one or more customers and not considered by the utility to be a main; (2) except as provided under section 2(C), a water line constructed after May 7, 1986 across private property to serve a single customer, a single multi-unit dwelling complex or a single

commercial or industrial development upon which no other person has an easement or other right of access for water line purposes. All other water lines shall be considered mains.

- L. **Service Line.** A water line installed at the customer's expense extending from a main to serve a single customer, a single multi-unit dwelling building or complex of a single commercial or industrial development. The service drop portion of the service line shall be owned by the utility and shall extend from the main to the curb stop (shut-off valve). The curb stop shall ordinarily be at the edge of the right of way.
- M. **Temporary Establishment.** An establishment that the utility reasonably believes to be of a temporary nature after giving due consideration to the location, setting, structures and use of the structures and/or establishment. The absence of a cellar or a permanent foundation shall not be the sole criterion used by the utility in determining that an establishment is of a temporary nature.

2. GENERAL PROVISIONS

- A. **Utility Ownership and Responsibility.** All water main extensions, appurtenances and service drops constructed pursuant to this rule shall be owned, maintained and, except as provided below, replaced by the utility. The actual construction shall be done by the utility or by an agency acceptable to it under the utility's supervision. If replacement is required because of an increase in demand by a new or existing customer or customers and not because the main should be or must be retired, the customers presenting the increased demand shall pay for a reasonable portion of the replacement pursuant to section 3 as if the replacement were a new main extension or service drop, but the utility shall invest an additional amount based on the difference in average customer revenues for the old and new meter sizes. A reasonable portion of the replacement facilities shall be determined in the same manner as provided in section 2(G).
- B. **Temporary Establishment.** The utility shall have no obligation to make an investment to extend its water service to a temporary establishment. If, however, service is installed at the customer's expense and water service is taken for a period of five consecutive years, or if the factors causing the utility to believe the establishment is of a temporary nature are removed, the establishment shall be considered as permanent and the utility shall make investments as provided in these rules, providing that no investments shall be made after 10 years following connection of the first customer.

- C. Main extensions and private lines. A private line shall be installed, owned and maintained by and at the expense of the customer which it serves. Main extensions, wherever located, are subject to the provisions of this chapter. Upon application for service through a water provisions of this chapter. Upon application for service through a waste line to be constructed after May 7, 1986, which is otherwise defined by section 1(K) as a private line, the utility may require a main extension if it decides that the private line will be detrimental to the proper development of the water system.

If, after May 7, 1986, a customer served by a private line permits another customer, premises or person to be served from the private line, the line shall be subject to the water main provisions of this rule. If the utility determines that this line must be modified or replaced in order to meet its specifications or to provide adequate capacity for reasonably anticipated future growth, the utility shall invest in the line, unless it has chosen to make no investments pursuant to 35 M.R.S.A. §72-A, and the customers served by the line shall provide a contribution as required by section 3 or 4. Any private line which will continue to be used as a main shall be conveyed to the utility without charge. All mains shall be owned and maintained and replaced by the utility as provided in section 2(A) and the utility shall be provided all necessary easements. Refusal or failure to comply with the requirements stated herein or failure of the unauthorized connecting person to voluntarily disconnect shall be grounds for disconnection pursuant to chapter 81, §2(A)(3), provided that the utility shall give 60 days notice prior to the proposed disconnection and payment of contributions shall be subject to payment arrangements under section 5 of Chapter 81, not to exceed one year in length. A person who disagrees with the utility about the proper size of any main or the need to modify or replace a private line may refer the matter to the Commission staff and Commission pursuant to Section 6(D).

If a utility under this rule, before or after its amendments effective May 7, 1986, has allowed a private line to be constructed when it prudently should have required a main extension, or, if after May 7, 1986, it has authorized connection of a second or subsequent customer to a private line constructed at any time, and if a main extension is built subsequently, customers connecting to the main extension shall be required to make customer contributions only in the amount that would be required if the customers served by the private line were required to connect and contribute to the extension. The utility shall pay the customer contribution of and investment amount for the customers who continue to be served by the private line unless those customers connect to the main extension.

- D. Public and Private Ways. Extensions shall normally be made in the municipally accepted public way. The utility may make extensions across private property provided that adequate easements are obtained. It shall be the responsibility of the applicant for a water main extension to provide the utility with such easements as the utility deems necessary.

If a utility reasonably believes that the lines and grades of a private street may not be approved by a municipality or other public authority it may refuse to invest in the water main extensions in the private streets until lines and grades have been established by the public authority and the street has met those standards, as determined by the utility or the public authority. Upon compliance with those standards, as well as the utility's construction standards, the utility shall make investments for each customer previously connected for a period of ten years following connection of the first customer.

- E. Public Authority. Where an extension must comply with an ordinance, regulation or specification or a public authority, the estimated and final cost of said extension shall be based upon the costs to comply therewith.
- F. Fire Service. Extensions made solely for either public or private fire protection service shall not be subject to these rules.
- G. Utility Specifications; Related Distribution Capacity Additions. The utility shall specify the size and type of pipe to be installed, and it shall be the responsibility of the utility to provide mains of adequate size to allow for normal domestic and fire protection growth. In the event that the utility desires to install pipes for its future benefit which are larger than required in the extension area, appropriate adjustments will be made.

If the demand for water expected from the customers to be served by the extension requires existing mains leading to the extension to be replaced or supplemented by parallel mains, or requires booster pumps or other appurtenances in order to satisfy the demand or to maintain adequate pressure along the extension or along the main leading to the extension, a reasonable portion of these costs shall be included in the price of the water main extension. In determining a reasonable portion the utility shall consider whether the need for new replacement or parallel facilities is caused entirely by the customers to be served by the main extension; the age of existing facilities and the need for replacement for other reasons; the marginal cost of providing the additional capacity if existing facilities need present replacement or replacement in the near future; any increases in the quality of service to other customers by the addition or

replacement facilities; and, in the case of a review pursuant to section 6(D), the prudence of the utility in determining the amount of existing capacity.

- H. Length of Extension. In arriving at the length of a water main extension necessary to render service at any point, the distance from such point to the nearest existing water main normally shall be traced along the line which, according to established trade standards and utility practice, marks the proper construction of the extension in the street, road or right-of-way on which the building or lot fronts. The point at which the extension ends and the service line commences shall normally be at the intersection of this line and another line, perpendicular thereto, which passes through the center of the building to be served.
- I. Low Pressure Areas. The utility shall not extend its mains or render service to new customers in areas where substantially uniform system pressure at the connection of the water service to the main may be expected to fall below 20 p.s.i.g., except for periods of fire flow or system maintenance, unless a limited service contract is executed between the utility and the customer and approved by the Commission. The utility shall insure that the limited service contract is recorded in the Registry of Deeds. The limited service contract shall specify the materials and minimum size for the customer's portion of the service pipe. The execution of a limited service contract shall not prevent the Commission from requiring better service when, upon investigation, the Commission concludes that service should be improved.
- J. Inspection and Testing. The utility shall insure that any and all facilities, installed or accepted under an agreement, comply with the utility's standards for materials and installation and are adequate and safe for the purpose of the utility. The utility shall not be required to accept a main extension, pipeline or related appurtenances until after they have been inspected and tested and meet the utility's standards. Any inspections or test shall be at the expense of the person requesting service or acceptance.

3. EXTENSIONS TO SERVE INDIVIDUALS

- A. Cost Estimate, Advances and Deposits. Upon request of a potential customer or customers for a main extension, the utility shall prepare, without charge, a preliminary sketch, general specifications such as size and type of pipe, an estimate of the cost of the proposed water main extension and separate estimates of the cost of service lines to serve the customers requesting the main extension. If a water utility provides public

fire protection the estimate and final cost for each foot of the extension shall include the average current per foot cost for the utility of providing hydrants. Averages shall be determined by dividing current installation costs by the spacing in feet between hydrants for areas of the same density and character.

The main extension estimate shall serve as a basis for determination of any required customer contribution. The costs of the main extension and the service lines shall be kept separate in order to allow reallocation among customers of the cost of the main extension alone pursuant to subsection D. For the purposes of these rules, actual costs shall be reasonable and shall not exceed costs recorded in conformity with accepted water utility accounting practice as defined in the Uniform System of Accounts for Water Utilities prescribed by this Commission.

- B. **Utility Requirement.** Unless a non-investor owned utility has chosen to make no investment in main extensions pursuant to 35 M.R.S.A. §72-A(1), the utility shall invest in the extension of its water mains the investment amount multiplied by the number of customers served by the main extension. Each time a permanent customer is connected to the line extension during the 10 years following connection of the first customer, the utility shall invest an additional investment amount, except that it shall not invest in more than one-half of the original cost of construction. The investment amount shall be the amount calculated as of the time the first customer was connected.
- C. **Customer Contribution to Main Extension and Other Requirements; Cost of Service lines; Advances and Deposits; Contracts.** Applicants either for a new water main extension, or for service from an existing water main extension, during the period of 10 years following connection of the first customer (on extensions to which the first customer was connected after May 7, 1986), shall, subject section 2(G), be responsible for customer contributions of all costs of construction of the main extension including the fire protection allocation, less the amount which the utility must invest. All applicants for service from a main, whenever constructed, shall be responsible for the cost of both portions of the service line that will serve each customer. Applicants for either a main extension or the utility's portion of the service line from an investor-owned utility shall also be responsible for the net federal and state income tax liability resulting from the contribution in aid of construction. The total amount which the applicant must pay shall be determined by (1) determining the amount of contribution before taxes (construction cost allocated pursuant to section 3(D) minus investment amount); (2) determining the amount of depreciation for tax purposes for each year over the tax depreciable life of

the asset; (3) determining the amount of tax reduction resulting from tax depreciation over each year of the tax depreciable life of the asset, using the utility's expected marginal federal and state tax rates; (4) determining the present value of the amounts established by step 3, using as a discount rate the weighted cost of debt plus the pre-tax weighted cost of equity as determined in the Investment factor formula; (5) deducting the total amount established by step 4 from the amount of the contribution established by step 1; (6) grossing up the amount established by step 5 for federal and state taxes pursuant to the following formula:

$$TC = \frac{C}{1 - [FIT - (FIT \times SIT) = SIT]}$$

Where

TC = Total contribution including taxes

C = Contribution after deduction of present value of tax reductions resulting from tax depreciation (step 5)

FIT = Federal Income Tax marginal rate

SIT = State Income Tax marginal rate

The applicant(s) shall be required to advance the customer contribution, if applicable, and the cost of the service drop to the utility no more than two weeks prior to the start of construction, of a utility no more than two weeks prior to the start of construction, of a new main or connection to an existing main extension or main. The utility may require a deposit of the cost of materials and supplies and detailed engineering design, or some portion thereof, two months prior to the commencement of construction of a main extension. Any portion of the deposit actually spent for detailed engineering design or for materials and supplies which cannot readily be used for other projects by the utility shall not be refundable. Within 60 days following receipt by the utility of the final bills for the extension, adjustment shall be made for any differences between the estimates and actual costs of the extension and service line or lines.

No construction of a main extension or service drop shall be commenced until the utility and the customer have executed a written contract. The contract shall incorporate this rule by reference, shall state that in the case of a conflict between the contract and the rule, the rule shall govern, and shall state that the provisions of the contract are subject to alteration

by Public Utilities Commission decision or rule.

When new customers are added to an extension, customer contributions to the line extension for existing and new customers shall be recalculated as provided in Paragraph D.

- D. Distribution of additional Investment Amounts and Reallocation of Customer Contributions. When additional customers are connected to an extension within the ten years following connection of the first customer, the utility shall make payments without interest to the existing customers of (1) the additional amount, if any, which the utility must invest in the main extension; and (2) the additional customer contribution to the main extension. The amounts to be paid to customers shall be determined by recomputation of the contribution by each customer (after deduction of the new total utility investment amount) pursuant to section 1(B) or 1(C), as applicable, as if all customers had been connected simultaneously. If the utility has ceased investing because it has invested an amount equal to one-half of the original cost of the extension, customer contributions and reallocations among customers shall nevertheless continue until the expiration of the 10-year period.
- E. Further Extension to Serve New Customer. All further extensions to serve other customers shall be separate and customers served by further extensions shall not be required to contribute to any prior extension.

4. EXTENSIONS TO SERVE DEVELOPMENTS

- A. Developer Requirements. Upon request, an applicant for a main extension to serve a development shall furnish all reasonable information concerning the development, including an approved recorded plan which will show the line and grade of any roadways and an easement giving the utility prior rights in the public right-of-way. The utility shall prepare the cost estimate. If a water utility includes public fire protection the estimate and the final cost for each foot of the extension shall include the average current per foot cost of providing hydrants. Averages shall be determined by dividing current installation cost by the spacing in feet between hydrants for areas of the same density and character.
- B. Utility Investment. Unless a non-investor owned utility has chosen to make no investment in water main extensions pursuant to 35 M.R.S.A. §72-A(1), during the period of 10 years following connection of the first customer, the utility shall make an investment in a water main extension in the form of a payment to the developer each time a permanent customer is connected to the extension. The amount of the investment per

customer shall be determined pursuant to section 1(F) at the time the first customer was connected shall remain unchanged over the 10 year period.

The total amount of investment shall equal the investment amount multiplied by the number of additional customers served by the main extension, but shall not exceed one-half of the original cost of the extension. Additional service drops constructed at any time after the construction of the main extension shall be paid for in advance of construction by the developer or customer to be served.

- C. Developer Contribution; Cost of Service Lines; Advances and Deposits; Contracts. The developer shall advance to the utility, no more than two weeks prior to the commencement of construction, the total estimated cost of the line extension including the fire protection allocation and, subject to section 2(G), and the total estimated cost of service drops to all lots or locations where future service may reasonably be anticipated. Developers shall also be responsible for the net federal and state income tax liability of an investor-owned utility resulting from the contribution in aid of construction. The total amount which the applicant must pay shall be determined by (1) determining the amount of contribution before taxes (construction cost minus investment amount); (2) determining the amount of depreciation for tax purposes for each year over the tax depreciable life of the asset; (3) determining the amount of tax reduction resulting from tax depreciation over each year of the tax depreciation life of the asset, using the utility's expected marginal federal and state tax rates; (4) determining the present value of the amounts established by step 3, using as a discount rate the weighted cost of debt plus the weighted pre-tax cost of equity as determined in the investment amount formula; (5) deducting the total amount established by step 4 from the amount of the contributions established by step 1; (6) grossing up the amount established by step 5 for federal and state taxes pursuant to the following formula:

$$TC = \frac{C}{1 - [FIT - (FIT \times SIT) + SIT]}$$

Where

TC = Total contribution including taxes

C = Contribution after deduction of present value of tax reductions resulting from tax depreciation (step 5)

FIT = Federal Income Tax marginal rate

SIT = State Income Tax marginal rate

The utility may require a deposit of the cost of materials and supplies or detailed engineering design, or some portion thereof, two months prior to the commencement of construction. Any portion of the deposit actually spent for detailed engineering design or for materials and supplies which cannot readily be used for other projects by the utility shall not be refundable.

No construction of a main extension or service drop shall be commenced until the utility and the developer have executed a written contract. The contract shall incorporate this rule by reference, shall state that in the case of a conflict between the contract and the rule, the rule shall govern, and shall state that the provisions of the contract are subject to alteration by Public Utilities Commission decision or rule.

Within 60 days following receipt by the utility of the final bills for the extension, the charge to the developer shall be adjusted to make up for any difference between the estimated and actual costs of the lines. For the purposes of these rules, actual cost shall be reasonable and shall not exceed costs recorded in conformity with accepted water utility accounting practice as defined in the Uniform System of Accounts for Water Utilities prescribed by the Commission.

- D. **Customer Contributions by Customers Outside Development.** If a main extension must cross property other than that within the development prior to reaching the development, and customers located on the property outside the development are connected to the main extension within ten years following connection of the first customer at any location on contribution. The total cost of the main extension shall be allocated between the development and the area outside the development on the basis of the number of feet within the development and the number of feet outside the development. After determining the total cost of the portion of the main extension outside the development on the basis of this allocation, customers outside the development should be required to make a contribution, less an investment amount per customer if applicable, as provided pursuant to section 1(B) or 1(C). For the purpose of determining the contribution or reallocating contributions when subsequent customers outside the development are connected, the developer shall be considered the equivalent of the number of customers within the development or the number of services constructed pursuant to subsection C of this section, whichever is greater, as if all those customers or services were located at the termination of the portion of the extension located outside the development. If a development is master-metered, the number of customers within the development, for purposes

of this subsection, shall be considered as the number of residential, commercial or industrial units or establishments.

5. INVESTMENT REDUCED OR NOT REQUIRED FOR HIGH-COST UTILITY;
INCREASED FOR LOW-COST UTILITY

- A. High-Cost Utility; Election by Utility. A water utility may, with the approval of the Commission, be exempted from investing in a water main extension or may invest less than the amount otherwise required by Sections 3 or 4 if it is a high-cost utility, as defined in this subsection. A utility has high costs if the additional annual investment and operating revenue required to serve additional customers exceeds the amount of revenue which those customers will supply. If a utility has received approval to eliminate or reduce its investments pursuant to this section, individuals or developers requesting the construction of a water main extension, or service from an existing water main extension during the 10 years following connection of the first customer shall be responsible for the entire construction cost of the water main extension or all amounts in excess of any reduced investment amount through developer or customer contributions. The original customer contribution(s) and recalculation of customer contributions when additional customers are connected shall be in accordance with section 1(B) or 1(C), as applicable, but only the required investment amount shall be deducted.
- B. Low-Cost Utility; Election by Utility. If a water utility is a low-cost utility as defined in this subsection, it may choose to invest in the utility's portion of service lines, whether from a main extension or not; and, with the approval of the Commission, it may invest a greater amount in main extensions than the amount set by section 1(F). A water utility has low costs if additional revenue which new customers provide exceeds the additional annual investment and operating costs to serve those customers. A utility is presumed to meet this test if it has excess capacity in the commonly used facilities of the water system, including reservoirs, standpipes, treatment systems, pumping facilities and transmission mains and low customer growth.
- C. Prima Facie Evidence of High-Cost Utility. There shall be a presumption that a utility is a high-growth utility if it has undertaken reasonable conservation and load-management efforts and:
 - 1. It has experienced:
 - (a) an increase in service installations in excess of an average of 1.5% compounded for the previous three years (4.57% for

the three-year period); and

- (b) Because of that growth in service installations, it is necessary to undertake a construction program of commonly used facilities of the water system, including reservoirs, standpipes, treatment systems, pumping facilities and transmission mains; and the program requires additional investment-related revenue of 15% or more. The percentage of investment-related revenue shall be determined pursuant to the first fraction of the investment factor formula state in section 1(F), i.e., $(D + A + I)/(R + T)$.

- D. Definition of Service Installation and Equivalent Service. For purposes of subsection C(1) and (2) of this section, each residential dwelling, including apartment units, shall be considered one service installation unit; each motel or hotel unit shall be considered a half unit. The number of equivalent units for all other commercial and industrial service connections shall be based on the equivalent cross-section area of the service as follows:

<u>Size of Service</u>	<u>Equivalent number of units</u>
3/4"	1.0
1"	1.8
1 1/4"	2.8
1 1/2"	4.0
2"	7.1
3"	16.0
4"	28.4
6"	64.0
8"	113.8
10"	177.8
12"	256.0
16"	455.1

- E. Continued Investment Requirement for Utility with System Development Charge. If a utility is permitted to impose a system development charge for the purpose of financing future capacity in commonly-used facilities required as a result of customer growth, the utility shall not be permitted to eliminate or reduce its investment in a water main extension pursuant to this section.

6. MISCELLANEOUS PROVISIONS

- A. Contribution in Aid of Construction. Nothing herein contained shall prevent a utility from accepting non-refundable donations or contributions for extensions either in cash or construction participation.
- B. Utility Investment in Deep Extensions to Serve Areas Previously Served by Surface Mains. The Utility shall invest in a "deep" main extension replacing a surface main in the manner provided by this rule. However, the utility's depreciated investment in the surface main shall be deducted from the investment in the "deep" main otherwise required.
- C. Surface Mains. A utility shall not be required to make an investment to further extend a surface main.
- D. Resolution of Disputes and Commission Review. In the case of any disagreement or dispute regarding the application of any provision of this rules, any person may refer the matter to the Commission for resolution. The matter will be treated as an informal complaint submitted for staff resolution under section 8(B) of Chapter 11 of the Commission's Rules, Rules of Practice and Procedure, 65-407 C.M.R. 11, §8(B). If a party is not satisfied with the staff's resolution, it must file a written request for Commission review within 5 business days following the issuance of the resolution by the staff. Failure to file a timely request for review of the Staff's resolution shall constitute acceptance of the resolution and waiver of further opportunity to be heard with respect to the matter.

A receipt of a request for review shall be treated as a request for investigation pursuant to 35 M.R.S.A. §296. A summary investigation shall be conducted, after which the Commission shall determine whether a formal investigation is warranted. If it decides to commence a formal investigation, the Commission shall determine the mater de novo and may affirm, reverse or modify the staff decision. If the Commission decides not to commence a formal investigation, failure to act in accordance with the staff resolution shall constitute grounds to commence a formal investigation pursuant to §296 and the initiation of a proceeding to issue a temporary order pursuant to 35 M.R.S.A. §293.

- E. Exemptions. A utility or any person affected by this rule may apply to the Commission for exemption from any provision of this chapter for good cause. The request shall contain a complete explanation and justification for the exemption.
- F. Application of Old Investment Amount to Existing Main Extensions for

Two-Year Period; Application of New Investment Amount Thereafter; Exception. The investment amount as calculated pursuant to this rule, as amended May 7, 1986 or as further amended January 8, 1987, shall apply (1) to all investments made in those line extensions for which a main extension contract was executed on or after May 7, 1986; and (2), except as provided below, to all investments which the utility incurs the obligation to make on or after May 7, 1988 in all main extensions, including main extensions for which a main extension contract was incorporating the former rule to the contrary. The obligation to make an investment is incurred at the time a permanent customer is connected.

If, on a line extension for which a main extension contract was executed prior to May 7, 1986, an individual or developer sold a piece of property or contracted to sell a piece of property prior to that date and a customer is connected subsequently, the rebate (investment) amount shall be calculated as provided in this rule prior to the May 7, 1986 amendments.

No investments or rebates made or owed prior to the amendments effective May 7, 1986 shall be adjusted.

- G. Notice to Commission by Utility Choosing Not to Invest. If, pursuant to 35 M.R.S.A. §72-A(1), a non-investor owned utility has chosen to make no investment in water main extensions, it shall notify the Commission in writing of the date of that decision and shall include the minutes or other record thereof, including any endorsement required by 35 M.R.S.A. §72-A(4).
- H. Form Contracts. The forms for contracts between water utilities and individuals and water utilities and developers for water main extensions and service lines, attached to this rule as Forms A and B, may be used for contracts required by this chapter and may be adapted for other circumstances arising under this chapter. A utility may use contracts with wording different from that provided herein, provided that the wording complies with the specific requirements for contracts required by this rule and is otherwise consistent with the rule.

AUTHORITY: 35 M.R.S.A. §3

EFFECTIVE DATE: February 2, 1987, or such subsequent date as the Secretary of State approves.

This rule was approved by the Secretary of State January 27, 1987 and will be effective on February 1, 1987.

EFFECTIVE DATE (ELECTRONIC CONVERSION): May 4, 1996

MISSOURI

Rule 14 EXTENSION OF WATER MAINS

- A. This rule shall govern the extension of water mains by the company within its certified area where there are no water mains.
- B. Upon receipt of a written application for a main extension, the company will provide the applicant(s) an itemized estimate of the cost of the proposed extension. Said estimate shall include the cost of all labor and materials required, including valves, fire hydrants, booster stations, storage facilities, reconstruction of existing mains (if necessary), and the direct costs associated with supervision, engineering permits, and bookkeeping. Applicable income tax cost will be added to this estimate calculated at the maximum rate.
- C. Applicant(s) shall enter into a contract with the company for the installation of said extension and shall tender to the company a contribution in aid of construction equal to the amount determined in paragraph (h) above, plus any applicable customer connection fee. The contract may allow the customer to contract with an independent contractor for the installation and supply of material, except that mains of 12" or greater diameter must be installed by the company, and the reconstruction of existing facilities must be done by the company.
- D. The cost to an applicant or applicants connecting to a main extension contributed by other applicant(s) shall be as follows:
 - (1) For single-family residential applicants that are applying for service in a platted subdivision, the company shall divide the actual cost of the extension by the number of lots abutting said extension to determine the per lot extension cost. When counting lots, corner lots which abut existing mains shall be excluded.
 - (2) For single-family residential applicants that are applying for service in areas that are unplatted in subdivision lots, the applicant's cost shall be equal to the total cost of the main extension divided by the total length of the main extension in feet times 100 feet.
 - (3) For industrial, commercial, or multi-family residential applicants, the cost will be equal to the amount calculated for a single-family residence in paragraphs d(1) or d(2) above multiplied times the flow factors of the applicants meter. The flow factors of the various sizes of meters are as follows:

MISSOURI

Meter Size

Flow Factor

5/8	1
1	2.5
1.5	5
2	8
3	15
4	25

- E. Refunds of contributions shall be made to applicant(s) as follows:
- (1) Should the actual cost of the extension be less than the estimated cost, the company shall refund the difference as soon as the actual cost has been ascertained.
 - (2) During the first ten years after the main extension is completed, the company will refund to the applicant(s) who paid for the extension moneys collected from applicant(s) in accordance with paragraph (d) above. The refund shall be paid within a reasonable time after the money is collected.
 - (3) The sum of all refunds to any applicant shall not exceed the total contribution, which the applicant(s) has paid.
- F. Extension made under this rule shall be and remain the property of the company.
- G. The company reserves the right to further extend the main to connect mains on intersecting streets and easements. Connecting new customers to such further extensions shall not entitle the applicant(s) paying for the original extension to a refund for the connection of such customers.
- H. Extensions made under this rule shall be of company approved pipe sized to meet water service requirements. If the company chooses to size the extensions larger in order to meet the company's overall system requirements, the additional cost caused by the large size pipe shall be borne by the company.
- I. No interest will be paid by the company of payments for the extension made by the applicant(s).

MISSOURI

- J. If extensions are required on private roads, streets, through private property, or on private property adjacent to public right of way, a proper deed of easement must be furnished to the company without cost to the company, before the extension will be made:

4901:1-15

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- (D) A waterworks and/or sewage disposal system company may administer fees relating to the installation of service facilities when such installation is not performed by the company. Such fees shall be tariffed fees and shall be charged directly to the customer regardless of which non-utility is chosen to perform such installation.

Case No. 86-2046-WS-COI

Eff. December 12, 1991

Rule amplifies: 4905.06, R.C.

4901:1-15-32 Main Extensions and related facilities.

If a waterworks company or sewage disposal system company enters into a main extension agreement, The following provisions shall constitute the standards for the extension of water mains and sewer mains and related facilities by a company. These provisions are not intended to prohibit the extension of water mains and sewer mains and related facilities at the initiative of the waterworks companies and sewage disposal system companies.

- (A) All agreements entered into concerning main extensions, related facilities or both, funded by contributions in aid of construction, advances in aid of construction, or some combination of both, shall be in writing and signed by the company and the parties involved or the duly authorized agents of each. These written agreements shall embody in their terms and conditions the provisions of this rule.
- (B) Waterworks companies and/or sewage disposal system companies shall extend mains and related facilities to serve new customers subject to the provisions of this rule.
- (C) As used in this rule:
- (1) "Main extension" means an extension, including any fire hydrants if fire protection is provided by the waterworks company, from the nearest existing adequate main along a route determined in accordance with reasonable utility engineering practices to a point perpendicular to the most remote structure to be served fronting the main extension.
 - (2) "Related Facilities" means all fittings, valves, connections, other facilities, and back-up plant associated with the main extension and required in accordance with reasonable utility engineering practices to provide service to a point perpendicular to the most remote structure to be served fronting the main extension.
- (D) Any main extensions and related facilities shall become the property of the waterworks and/or sewage disposal system companies.
- (E) The size, type, quality of material, and location of main extensions and related facilities shall be specified by waterworks companies and/or sewage disposal system companies, and construction shall be done by the companies or by contractors acceptable to the companies.
- (F) The design and route of main extensions shall be determined by waterworks companies and/or sewage disposal system companies in accordance with reasonable utility engineering practices. The length of the main extension shall be determined by measuring from the nearest existing adequate main along a route determined in accordance with reasonable utility engineering practices to a point perpendicular to the most remote structure to be served fronting the main extension.

4901:1-15

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- (G) Prior to the entering into of an agreement concerning the extension of mains, related facilities or both, funded by contributions in aid of construction, advances in aid of construction, or some combination of both, waterworks companies and/or sewage disposal system companies shall estimate the total of the costs of the main extension, related facilities, and tax or tax impact in accordance with this rule. Such estimate shall be included in the terms and conditions of the agreement. The company shall include in the estimate only that portion of the main extension and related facilities necessary, in accordance with reasonable utility engineering practices, to provide adequate service to the applicant, including provisions for public fire protection. If the company installs mains or related facilities with a capacity in excess of that required to provide adequate service to the applicant, the company shall bear the cost of such oversizing.
- (H) The main extension agreement shall embody one of the following methods of payment and the selection of the method shall be at the discretion of the company:
- (1) The applicant for a main extension shall be required to advance to the waterworks company and/or sewage disposal system company before construction is commenced, the estimated total cost of the main extension, related facilities, and tax impact. The tax impact shall be calculated by the following method:

$$\text{Tax impact} = \frac{C}{(1-R)} - C$$

C = Dollar value of taxable contribution or advance in aid of construction.

R = Decimal equivalent of applicable marginal rate of federal income tax on value of taxable contributions and advances.

The entire advance including the tax impact shall be subject to refund as provided in paragraph (K) of this rule.

- (2) The applicant for a main extension shall be required to advance to the waterworks company and/or sewage disposal system company before construction is commenced, the estimated total cost of the main extension and related facilities. The cost of the extension and related facilities minus the tax shall be subject to refund as provided in paragraph (K) of this rule. The tax shall be calculated by the following method:

$$\text{Tax} = C \times R$$

C = Definition in paragraph (H)(1) of this rule.

R = Definition in paragraph (H)(1) of this rule.

- (I) All amounts over actual cost shall be refunded and all amounts under actual cost shall be paid within sixty days after completion of the extension.
- (J) When more than one applicant is involved, the amount of the advance in aid of construction shall be divided equally among the applicants unless otherwise agreed by the applicants.
- (K) Refunds or advances in aid of construction made pursuant to this rule shall be made in accordance with the following method. The waterworks company and/or sewage disposal system company shall pay each year to the party making an advance in aid of construction, or to that party's assignees or other successors in interest where the company has received notice of such assignment or succession: an amount equal to twenty per cent of the total gross annual revenue from water or sewage service to each bona fide customer, other than a subsequent applicant whose service line is

4901:1-15

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connected to main or extension lines covered by the main extension agreement for a period of not less than fifteen years. Agreements under this rule may provide that any balance of the amount advanced pursuant to the agreement remaining at the end of the fifteen-year period shall still remain payable, in whole or in part, and in such manner as is set forth in the agreement. A balance remaining at the end of the fifteen-year period shall otherwise become nonrefundable.

- (L) When more than one applicant is involved, the amount refunded shall be divided among the applicants in proportion to their original advance in aid of construction.
- (M) The aggregate refunds under this rule shall in no event exceed the total of the refundable advances in aid of construction. No interest shall accrue on any amounts advanced.
- (N) The commission will not approve the transfer of any "Certificate of Public Convenience and Necessity" where the transferor has entered into extension agreements, unless it is demonstrated to the commission that the transferor has agreed to satisfy the refund agreement, or that the transferee has assumed and has agreed to pay the transferor's obligation under the agreements.
- (O) Waterworks companies and/or sewage disposal system companies shall not be required to extend mains unless the prospective customer guarantees to the company that service will be accepted within thirty days following completion of the main extension, or such longer period as the company and the prospective new customer agree.
- (P) Waterworks companies and/or sewage disposal system companies shall provide temporary service, provided that the applicant for such service agrees in writing to pay in advance to the company, the company's estimate of the cost of labor and materials less salvage value on removal, for installing and removing such service.

Case No. 86-2046-WS-COI
Eff. December 12, 1991
Amended: 10/30/87, 6/1/77
Rule amplifies: 4901.13, R.C.
Replaces: 4901:1-15-12

4901:1-15-33 Subsequent connections, service connections, and tap-ins.

- (A) If and when at any time during the term of a main extension agreement involving refundable advances in aid of construction pursuant to rule 4901:1-15-32 of the Administrative Code, the owner (hereafter referred to as the subsequent applicant) of any lot abutting the main extension, who was not a party to the main extension agreement, requests service; the waterworks company and/or sewage disposal system company shall collect in advance from each such subsequent applicant funds equal to the total foot frontage of the lot to receive service multiplied by the per-foot frontage charge.
 - (1) The per-foot frontage charge shall be determined by dividing the total refundable amount of the advance in aid of construction by the total foot frontage of the lots capable of receiving service from the extension.
 - (2) In the event that the total of the amount already refunded under paragraph (K) of rule 4901:1-15-32 of the Administrative Code, plus the subsequent applicant's fee calculated under paragraph (A) of this rule exceeds the total refundable amount of the advance in aid of construction; the amount collected from the subsequent applicant shall be the difference

4901:1-15

DH10

between the total refundable amount of the advance in aid of construction and the cumulative amount refunded under paragraph (K) of rule 4901:1-15-32 of the Administrative Code.

- (3) The waterworks and/or sewage disposal system company shall refund money collected pursuant to this paragraph, to the parties to the main extension agreement, or to their assignees or other successors in interest where the company has received notice of such assignment or succession in proportion to their original deposits. This refund shall be in addition to that provided for in paragraph (K) of rule 4901:1-15-32 of the Administrative Code.
- (4) The waterworks company and/or sewage disposal system company shall enter into a written agreement with the subsequent applicant.
- (5) Refunds of subsequent applicant fees made pursuant to this rule shall be made in accordance with this method. The waterworks company and/or sewage disposal system company shall pay each year to the subsequent applicant, or to that party's assignees or other successors in interest where the company has received notice of such assignment or succession, an amount equal to twenty per cent of the total gross annual revenue from water or sewage service to each bona fide subsequent applicant whose service line is connected to main or extension lines covered by the main extension agreement. Refunds will terminate when the entire amount of the subsequent applicant's fee has been refunded or when the cumulative amount refunded pursuant to paragraph (K) of rule 4901:1-15-32 of the Administrative Code equals the refundable amount of the advance in aid of construction, or until fifteen years after the date of the main extension agreement, whichever is earliest. Agreements under this rule may provide that any unrefunded balance remaining at the end of the fifteen-year period shall still remain payable, in whole or in part, and in such manner as is set forth in the agreement. A balance remaining at the end of the fifteen-year period shall otherwise become nonrefundable.
- (B) Tariffs of waterworks companies and/or sewage disposal system companies may include provisions governing charges for service connections and tap-ins, but in no event shall these provisions require anything more than reimbursement to the companies of the actual, out-of-pocket costs of connecting service.

Case No. 86-2046-WS-COI
 Eff. December 12, 1991
 Amended: 10/30/87, 6/1/77
 Rule amplifies: Sec. 4901.13, R.C.
 Replaces: 4901:1-15-13

4901:1-15-34 Uniform system of accounts for water-works companies.

- (A) The commission proposes to adopt three uniform systems of accounts prepared by the "National Association of Regulatory Utility Commissioners," as described in paragraph (B) of this rule, and requires all waterworks companies under its jurisdiction to conform their accounting practices to the applicable uniform system.
- (B) The adopted uniform systems of accounts were prepared, published, and adopted by the "National Association of Regulatory Utility Commissioners" in 1973 and copyrighted in 1974. The three systems of accounts in the series are entitled: